

(323) 881-2401

August 29, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**REQUEST APPROVAL OF TAX RATE LEVY FOR THE 2003-04 VOTER-APPROVED
FIRE PROTECTION DISTRICT SPECIAL TAX
(ALL DISTRICTS) (3 VOTES)**

**IT IS RECOMMENDED THAT YOUR HONORABLE BOARD, ACTING AS THE
GOVERNING BODY OF THE CONSOLIDATED FIRE PROTECTION DISTRICT:**

1. Adopt the attached resolution fixing the Fiscal Year 2003-04 tax rate for the Consolidated Fire Protection District of Los Angeles County voter-approved special tax, setting the rate per single family home at \$49.93, with all other rates proportionately adjusted, which will reduce the revenue the Fire District receives by \$3.3 million for a total of approximately \$55.6 million in Fiscal Year 2003-04, to be expended on fire protection and emergency medical services throughout the Fire District.
2. Instruct the Fire Chief and the Auditor-Controller to take all actions necessary to implement the special tax levy for Fiscal Year 2003-04.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the attached resolution will levy the Consolidated Fire Protection District's (District's) special tax at \$49.93 per single family home, a reduction of \$3.00 per home (5.7%), with proportional reductions for all other property use types.

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Although the District's 2003-04 Budget reflects an anticipated 2% increase of the 2003-04 special tax levy, very recent events have enabled us to recommend reduction of the levy. With this reduction, anticipated revenues will maintain emergency service levels, address some modest service enhancements, and keep the District in a sound financial position. This recommended reduction is a prudent, yet responsible action for the District.

As we previously advised the Board, the District has been operating under a two-year District Contingency Funding Plan implemented last year to maintain operations until the State ERAF payments commenced. Very recent positive dealings with the State Controller will result in significant additional District revenue in 2003-04. The State's obligation to the District resulting from the ERAF lawsuit has been determined to be approximately \$135 million, which will be repaid, with interest, over an 8-9 year period. State payments were not anticipated to begin until 2004-05, but annual payments in the amount of \$18 million are anticipated to begin this fiscal year.

Other financially favorable developments affect the 2002-03 year-end fund balance. The Auditor-Controller recently reported the District's property tax revenues were \$2.3 million (0.6%) higher than anticipated. Our final 2002-03 expenditures also reflected a savings of \$5.8 million resulting from stringent internal cost controls implemented by District managers as part of the Contingency Funding Plan. Federal revenue reimbursement for District major wildland fire expenditures also increased \$3.4 million higher than anticipated.

With the recent developments discussed above, it now appears our Plan will come to a successful conclusion earlier than anticipated. A major component of this Funding Plan was the use of one-time funds from the District's Accumulated Capital Outlay (ACO) Fund, which depleted funding for fire station construction and funding for fire apparatus. With the anticipated ERAF payment by the State, the District will be able to restore this necessary funding over a two-year period. Even with the reduction in the Special Tax, the District will be able to maintain a fund balance of about 5% this year, which is reasonable for a special district.

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Independent Citizens' Oversight Committee (ICOC)

As instructed by your Board, the District's recommendation to adjust the special tax rate is based upon a two-year financial forecast. In addition, the Independent Citizens' Oversight Committee (ICOC) met on August 20, 2003, and made the legally required annual finding that the District is using the special tax funds only for emergency services. Since neither the final year-end fund balance nor the 2003-04 State ERAF payment was known when the ICOC met, the ICOC supported the District's earlier recommendation to increase the special tax. We will communicate these recent financial changes and our revised recommendation to lower the special tax levy to the ICOC next week for their consideration. We will submit the ICOC's revised report to your Board prior to your consideration of our recommendation on September 9.

FISCAL IMPACT/FINANCING

Recent financial events have enabled the District to recommend a \$3.00 reduction in the special tax levy while continuing service levels, addressing modest emergency service enhancements, and maintaining a reasonable fund balance of 5%. This recommendation continues the District's practice of making responsible recommendations, which the Board has consistently supported, regarding the special tax levy.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

California Health and Safety Code Section 13911 and California Government Code Section 50075 et seq. authorize the levying of the special tax. Your Board's approval of the attached resolution will levy the special tax at a rate of \$49.93 per single family home, with rates that vary for other property use types as specified in the resolution.

County Counsel has approved the resolution as to form.

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IMPACT ON CURRENT SERVICES (OR PROJECTS)

Levying the special tax rate at \$49.93 per single family home, with rates that vary for other property use types as specified in the resolution, will maintain essential funding to continue providing fire protection and emergency medical services to the residents of Los Angeles County protected by the District, allow for the restoration of one-time funding, and maintain the financial stability of the District.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "P. Michael Freeman", with a stylized flourish at the end.

P. MICHAEL FREEMAN

PMF:DA:js

Attachment

c: Chief Administrative Officer
County Counsel
Auditor-Controller
Executive Officer, Board of Supervisors

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF
LOS ANGELES ACTING AS THE GOVERNING BODY OF THE
CONSOLIDATED FIRE PROTECTION DISTRICT OF LOS ANGELES COUNTY
FIXING THE SPECIAL TAX RATE FOR THE
CONSOLIDATED FIRE PROTECTION DISTRICT
AND LEVYING THE SPECIAL TAX UPON THE
TAXABLE PROPERTY OF THE COUNTY FOR THE
FISCAL YEAR 2003-2004

WHEREAS, on June 3, 1997, the voters within the cities of Agoura Hills, Artesia, Azusa, Baldwin Park, Bell, Bellflower, Bell Gardens, Bradbury, Calabasas, Carson, Cerritos, Claremont, Cudahy, Diamond Bar, Duarte, Glendora, Hawaiian Gardens, Hidden Hills, Huntington Park, Industry, Irwindale, La Canada Flintridge, Lakewood, La Mirada, Lancaster, La Puente, Lawndale, Lomita, Malibu, Maywood, Norwalk, Palmdale, Paramount, Pico Rivera, Rancho Palos Verdes, Rolling Hills, Rolling Hills Estates, Rosemead, San Dimas, Santa Clarita, Signal Hill, South El Monte, South Gate, Temple City, Walnut, West Hollywood, Westlake Village and Whittier, and within the unincorporated area of the County, approved a special tax for fire protection and paramedic services (the "special tax"); and

WHEREAS, certain special tax rates were approved, based upon property use type and size of improvements, to be annually increased by a maximum of the lesser of (i) 2 percent or (ii) the California Consumer Price Index, which maximum special tax

rates are herein specified in Exhibit 1 attached to this Resolution, hereinafter referred to as "maximum rates"; and

WHEREAS, the Board of Supervisors may annually levy an amount up to the maximum rates for the special tax as approved by the voters; and

WHEREAS, the Board of Supervisors desires to levy the special tax at rates less than the maximum rates allowed, as specified and fixed in Exhibit 2 attached to this Resolution

NOW, THEREFORE, BE IT RESOLVED, that pursuant to Section 13911 of the Health and Safety Code of the State of California and Section 50075 *et seq.* of the Government Code of the State of California, the Board of Supervisors of the County of Los Angeles, in its capacity as the Board of Directors of the Consolidated Fire Protection District of Los Angeles County, does hereby levy the special tax upon the taxable property of the County within the cities of Agoura Hills, Artesia, Azusa, Baldwin Park, Bell, Bellflower, Bell Gardens, Bradbury, Calabasas, Carson, Cerritos, Claremont, Cudahy, Diamond Bar, Duarte, Glendora, Hawaiian Gardens, Hidden Hills, Huntington Park, Industry, Inwindale, La Canada Flintridge, Lakewood, La Mirada, Lancaster, La Puente, Lawndale, Lomita, Malibu, Maywood, Norwalk, Palmdale, Paramount, Pico Rivera, Rancho Palos Verdes, Rolling Hills, Rolling Hills Estates, Rosemead, San Dimas, Santa Clarita, Signal Hill, South El Monte, South Gate, Temple City, Walnut, West Hollywood, Westlake Village and Whittier, and within the unincorporated area of the County, at rates less than the maximum rates allowed, as specified and fixed in Exhibit 2 attached to this Resolution.

The foregoing resolution was on the _____ day of September, 2003, adopted by the Board of Supervisors of the County of Los Angeles and *ex-officio* the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

VIOLET VARONA-LUKENS, Executive Officer-
Clerk of the Board of Supervisors of the County
of Los Angeles

By _____
Deputy

APPROVED AS TO FORM:

LLOYD W. PELLMAN
County Counsel

By 
Principal Deputy County Counsel

EXHIBIT 1

SUMMARY OF MAXIMUM RATES FOR PROPOSITION E
VOTER-APPROVED SPECIAL TAX FOR THE
CONSOLIDATED FIRE PROTECTION DISTRICT OF LOS ANGELES COUNTY

LAND USE	MAXIMUM RATES* (2% INCREASE)	
	2002-2003	2003-2004
Single Family Residential	\$52.93	\$53.99
Mobile Home in Park	26.46	26.99
Multiple Family Residential	66.85	68.19
+ Square Footage Rate (over 1,555 sq. ft.)	0.0068	0.0069
+ Square Footage Rate with sprinkler credit (over 1,555 sq. ft.)	0.0065	0.0066
Non-Residential	64.06	65.34
+ Square Footage Rate (over 1,555 sq. ft.)**	0.0431	0.0440
+ Square Footage Rate with sprinkler credit (over 1,555 sq. ft.)**	0.0414	0.0422
High Rise	77.99	79.55
+ Square Footage Rate (over 1,555 sq. ft.)**	0.0526	0.0537
+ Square Footage Rate with sprinkler credit (over 1,555 sq. ft.)**	0.0503	0.0513
Special Use	97.48	99.43
+ Square Footage Rate (over 1,555 sq. ft.)**	0.0657	0.0670
+ Square Footage Rate with sprinkler credit (over 1,555 sq. ft.)**	0.0628	0.0641
Vacant-2 acres or less	13.23	13.49
Vacant-2+ acres to 10 acres	17.47	17.82
Vacant-10+ acres to 50 acres	34.92	35.62
Vacant-50+ acres	52.93	53.99

*Maximum rates may not necessarily be the actual rates imposed by the Los Angeles County Board of Supervisors.

**Capped at 100,000 square feet.

See Appendix A to the Amended and Restated Resolution of the Board of Supervisors March 4, 1997 for a full explanation of land use categories and the application of the special tax rates.

**PROPOSITION E — VOTER-APPROVED SPECIAL TAX FOR THE
CONSOLIDATED FIRE PROTECTION DISTRICT OF LOS ANGELES COUNTY**

Special Tax Rates for Fiscal Year 2003-2004

Land Use	Special Tax Rate	Special Tax Rate w/Sprinkler Credit
Single Family Residential	\$49.93	NOT APPLICABLE
Mobile Home in Park	\$24.96	NOT APPLICABLE
Multiple Family Residential	\$63.07 + \$.0064 per sq. ft. over 1,555 sq. ft.	\$63.07 + \$.0061 per sq. ft. over 1,555 sq. ft.
Non-Residential	\$60.43 + \$.0407 per sq. ft. over 1,555 sq. ft.*	\$60.43 + \$.0391 per sq. ft. over 1,555 sq. ft.*
High Rise	\$73.58 + \$.0496 per sq. ft. over 1,555 sq. ft.*	\$73.58 + \$.0475 per sq. ft. over 1,555 sq. ft.*
Special Use	\$91.96 + \$.0620 per sq. ft. over 1,555 sq. ft.*	\$91.96 + \$.0592 per sq. ft. over 1,555 sq. ft.*
Vacant Land - 2 acres or less	\$12.48	NOT APPLICABLE
Vacant Land - more than 2 acres and less than or equal to 10 acres	\$16.48	NOT APPLICABLE
Vacant Land - more than 10 acres and less than or equal to 50 acres	\$32.94	NOT APPLICABLE
Vacant Land - more than 50 acres	\$49.93	NOT APPLICABLE

*Capped at 100,000 square feet per parcel.